
State of Washington Corrective Action Plan

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2000*

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
00	1	Finding:	DSHS' Division of Alcohol and Substance Abuse (DASA) has not established sufficient internal controls over the federal Substance Abuse Prevention and Treatment Block Grant to ensure compliance with program requirements.			
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.959</td><td>\$28,411,141</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.959
	<u>CFDA #</u>	<u>Amount</u>				
	93.959	\$28,411,141				
	1.1	Sub-Finding:	DASA is unable to provide original supporting documentation for expenditures. Supporting documents needed for audit testing were either unavailable or no longer in existence.			
		Status:	Corrective action complete.			
		Corrective Action:	DASA is retaining all original payment documents. Original copies have been retained since January 1, 2001. A revised batch numbering system also was designed and implemented effective March 1, 2001. DASA will retain all original payment documents in the official contract file.			
	1.2	Completion Date:	March 1, 2001			
		Sub-Finding:	DASA has insufficient review and authorization procedures in place to ensure payments to vendors and subrecipients are reasonable and allowable under program requirements.			
		Status:	Corrective action is in process.			
Corrective Action:		An internal work group has been established within DASA to review its internal policies and procedures regarding authorization and processing of program payments. DASA will ensure staff that approve vendor or subrecipient payments are adequately trained on procedural and program requirements. A staff training protocol is under development and mandatory training is being scheduled.				
	Completion Date:	Estimated, June 1, 2001				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
	1.3	Sub-Finding:	DASA has insufficient written policies or procedures in place to address how program expenditures are processed or how subrecipients are monitored.
		Status:	Corrective action is in progress.
		Corrective Action:	Again, an internal work group has been established to review internal policies and procedures. This group will review policies and procedures on payment processing and how subrecipients are monitored. Staff training protocol is under development and mandatory training is being scheduled. DASA will ensure that staff that approve vendor or sub-recipient payments are adequately trained on monitoring requirements.
		Completion Date:	Estimated, June 1, 2001
	1.4	Sub-Finding:	DASA does not ensure staff members possess adequate knowledge of requirements for processing expenditures, monitoring subrecipients, and contracting with service providers.
		Status:	Corrective action is in progress.
		Corrective Action:	An extensive staff training protocol is under development that will address all of these issues. Mandatory training is being scheduled. DASA will ensure that staff is provided the necessary knowledge and information to perform their duties.
		Completion Date:	Estimated, June 1, 2001

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
	1.5	Sub-Finding:	DASA has not performed adequate subrecipient monitoring to ensure compliance with federally mandated program activity or expenditure requirements.
		Status:	DASA does not concur with this finding and believes no corrective action is necessary.
		Corrective Action:	<p>DASA has a comprehensive policy and procedure for contract management and has substantial monitoring taking place to ensure compliance with contract requirements. Monitoring is done on a contract-type basis rather than by funding source. During their review, the auditors did not consider documentation supporting monitoring activities where there was no specific reference to the Substance Abuse Prevention and Treatment Block Grant.</p> <p>In addition to the policy and procedures in place, all of the contracts identified in the finding are with governmental entities. These contracts/agreements are authorized and regulated as inter-local agreements by State of Washington law (RCW 39.34). As such, the DSHS does not believe the contracts are subrecipient in nature.</p>
		Completion Date:	N/A

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
	1.6	Sub-Finding:	DASA does not ensure certification by subrecipients and some vendors that they have not been suspended or debarred from using federal funds to provide services.
		Status:	Corrective action completed.
		Corrective Action:	DSHS has taken the following actions: ?? DSHS' Central Contracts Services unit (CCS) has developed, and distributed for use, a certification form to be signed by contractors. Due to the confusing federally developed certification language, CCS has also created an optional "frequently asked questions" instruction / explanation page for programs to provide contractors. ?? CCS has provided formal training on the suspension and debarment, including certifications, to its unit staff and the department's Key Contract Coordinators (including DASA) on October 18, 2000. ?? Finally, the CCS staff has included information regarding suspension and debarment requirements in the October 2000 CCS Newsletter.
		Completion Date:	October 31, 2000
	1.7	Sub-Finding:	DASA has not established procedures for collecting, nor obtained, documentation to support the independent status of participants conducting mandated peer reviews assessing the quality and effectiveness of treatment.
		Status:	Corrective action is in progress.
		Corrective Action:	DASA will document the independence of their peer reviewers through a certification process. Certification will be obtained for the 2001 peer review. All peer reviewers will be required to sign a certification when they are trained in May 2001.
		Completion Date:	Estimated, June 1, 2001
		Contact Person:	Mariann Schols, Administrative Services Manager Department of Social and Health Services PO Box 45842 Olympia, WA 98504-5842

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
00	2	Finding:	DSHS' Division of Child Support (DCS) did not comply with regulations for allowable and allocable costs in the Child Support Enforcement program.			
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.563</td><td>\$276,680</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.563
	<u>CFDA #</u>	<u>Amount</u>				
	93.563	\$276,680				
	2.1	Sub-Finding:	DCS charged the federal program unallowable costs - salaries and benefits for non-Division staff members that did not complete required time sheets or use any other allowable method for supporting time charged to the program. Unsupported charges totaled \$233,604.			
		Status:	Corrective action in progress.			
		Corrective Action:	DCS will work with DSHS' Office of Accounting Services, Economic Services Administration, as well as other administrative and divisional units, to establish requirements for, and successfully complete, appropriate time and effort documentation. Child Support staff will periodically review payroll registers and manual adjustment documents to ensure compliance.			
		Completion Date:	Estimated, July 1, 2001			
	2.2	Sub-Finding:	DCS charged the federal program unallowable costs (allocated costs for various committees lacked documentation linking costs to the federal program). Unsupported charges totaled \$2,744.			
		Status:	Corrective action in progress.			
Corrective Action:		The Division will move unallocable charges for program specific committees, for the years ending June 30, 2000 and June 30, 2001, to state only funding.				
Completion Date:		Estimated, July 1, 2001				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
	2.3	Sub-Finding:	DCS allowed payments to former employees and attorneys for fines and penalties assessed against the Department (as a result of settlement agreements) to be charged to federal program. Payments for fines and penalties are not allowed under federal cost principle regulation. Total costs determined to be unallowable was \$40,332.
		Status:	Corrective action in progress.
		Corrective Action:	DCS will provide training to accounts payable staff regarding how to determine allowable and unallowable costs to federal funds. Costs determined to be unallowable will be reimbursed to the federal government.
		Completion Date:	Estimated, July 1, 2001
		Contact Person:	Mariann Schols, Administrative Services Manager Department of Social and Health Services PO Box 45842 Olympia, WA 98504-5842

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
00	3	Finding:	DSHS' Division of Child Support (DCS) did not report its total federal Child Support Enforcement program expenditures for the State of Washington Schedule of Expenditures of Federal Awards.			
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.563</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.563
	<u>CFDA #</u>	<u>Amount</u>				
	93.563	\$0				
	3.1	Sub-Finding:	DSHS did not report \$14,307,610 in cost incentives when reporting total expenditures for the Child Support Enforcement program (CFDA # 93.563).			
		Status:	Corrective action is pending agreement between state and federal officials on proper amount to report.			
		Corrective Action:	The Department does not concur with the auditor's finding. DSHS has contacted federal officials and officials from the states of Idaho and Oregon. There seems to be no consensus on what constitutes total expenditures for this program. DSHS' Office of Accounting Services is working with OMB, HHS, and state audit staff to resolve the issue.			
		Completion Date:	Estimated, July 1, 2001			
	3.2	Sub-Finding:	The Department failed to separately identify the federal portion passed through to its subrecipients as mandated by state reporting instructions.			
		Status:	Corrective action is pending a determination on whether DCS has subrecipients.			
Corrective Action:		It is the position of DSHS that DCS has no subrecipients and, as such, had no information to record on dollar amounts passed through to subrecipients.				
Completion Date:		N/A				
Contact Person:		Mariann Schols, Administrative Services Manager Department of Social and Health Services PO Box 45842 Olympia, WA 98504-5842				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
00	4	Finding:	DSHS does not have adequate controls in place to prevent overpayments of Child Care program expenditures.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.596</td><td>\$25,985</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.596	\$25,985
<u>CFDA #</u>	<u>Amount</u>						
93.596	\$25,985						
		Status:	Corrective action is in progress.				
		Corrective Action:	<p>In response to a similar finding in FY 99, DSHS developed and implemented a multifaceted corrective action plan to ensure the accuracy and validity of childcare payments. These actions were initiated in March of 2000 and remain a part of the corrective action plan for FY2000:</p> <p><u>Consideration of system edits to ensure accurate payments.</u> The Working Connections Automated Program (WCAP) and the Social Service Payment System (SSPS) were reviewed and evaluated for system changes that would provide edits necessary to preclude overpayments due to duplicate authorizations and/or authorizations that exceed the maximum number of days allowed. Neither system could be modified to the extent required without restricting the number of payment days in place for other Department users of SSPS or precluding exception to policy instances allowed under policy.</p> <p><u>Minimize errors caused by multiple authorization entries and changes in service provider.</u> The Working Connections Child Care (WCCC) staff and SSPS staff are coordinating to develop and provide training to authorization staff on how to input eligibility and provider changes without causing multiple authorizations. In addition, WCCC staff will develop an enhanced training package for field staff and service providers focused on the correct absence day and billing policies.</p> <p><u>Design and implementation of control reports to isolate and identify overpayments.</u> An electronic supervisory review form was programmed into WCAP and distributed to appropriate supervisors. Training and technical support has been made available to supervisors in the use of this tool to complete the required 1% monthly caseload review. SSPS staff designed a new monthly Payment Alert report (SPS40N51) and provided details on use to field staff. WCCC supervisors were specifically trained on use of the report. The report is to be accessed by WCCC staff at the end of each month. It identifies concurrent payments that are then to be reviewed for possible overpayment. Any overpayments are established as receivables and forwarded to the Office of Financial Recovery for collection.</p>				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan
		<p><u>Perform limited number of random audits of day care providers focusing on billing documentation, sufficiency of attendance recording and the appropriateness of billing.</u></p> <p>Five such audits have been initiated. Results of the audits will be reviewed to identify any further corrective action necessary.</p> <p><u>Work with federal funding agency to identify any repayments due.</u></p> <p>Completion Date: December 1, 2001</p> <p>Contact Person: Mariann Schols, Administrative Services Manager Department of Social and Health Services PO Box 45842 Olympia, WA 98504-5842</p>

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan				
00	5	Finding:	DSHS' Medical Assistance Administration (MAA) did not include a required federal component when it set maximum prices for multiple-source Medicaid prescription costs.			
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.778</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.778
	<u>CFDA #</u>	<u>Amount</u>				
	93.778	\$0				
	5.1	Sub-Finding:	MAA's drug pricing algorithm did not include the Federal Upper Limit (FUL), as called for in current federal regulations and the State Plan.			
		Status:	Corrective action is complete.			
Corrective Action:		MAA does not concur with the Audit's determination that federal regulation requires FULs in the pricing formula. The Code of Federal Regulation (CFR), Title 42, Part 447.333 states in part: "The State Plan must describe comprehensively the agency's payment methodology for prescription drugs. Upon proposing significant State Plan changes in payments for prescription drugs, and at least annually for multiple source drugs, the agency must make the following findings and assurance: (1) In the aggregate, its Medicaid expenditures for multiple source drugs identified and listed in accordance with Section 447.332 are in accordance with the upper limits specified in Section 447.332...." The federal regulations specifically state "in the aggregate." MAA interprets this to mean "taken as a whole." The MAA bottom line has always been to not pay more for multi-source drugs, in the aggregate, than the prescribed upper limits plus reasonable dispensing fees. Because the State Plan specifically stated that FULs would be included in the pricing formula, the State has now amended its pricing algorithm to include the latest established FULs.				
Completion Date:		February 19, 2001				

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Department of Social and Health Services (DSHS)

Fiscal Year	Finding Number	Finding and Corrective Action Plan	
	5.2	Sub-Finding:	By not including FULs in its pricing formula MAA may have paid pharmacies for prescription drug costs in excess of the Federal Upper Limit. As such, DSHS may have overcharged Medicaid and owe a refund to the federal government.
		Status:	Corrective action is in progress.
		Corrective Action:	To confirm that there was no overpayment and no refund due HCFA, MAA will analyze payment data and generate a report showing the results.
		Completion Date:	Estimated, June 30, 2001
		Contact Person:	Mariann Schols, Administrative Services Manager Department of Social and Health Services PO Box 45842 Olympia, WA 98504-5842

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan									
00	6	<p>Finding: ESD did not comply with regulations for allowable and allocable costs for the Unemployment Insurance, Wagner-Peyser and WorkFirst programs.</p> <p>Questioned Costs:</p> <table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.207</td><td>\$195,689</td></tr><tr><td>17.225</td><td>\$511,904</td></tr><tr><td>93.558</td><td>\$ 64,518</td></tr></table> <p>Status: Corrective action is in progress.</p> <p>Corrective Action: The Employment Security Department intends to work closely with its grantors to demonstrate that time charges made to federal programs are appropriate. In addition, the agency will seek grantor approval from the Department of Labor, Office of Cost Determination as to our allocation methodologies. In the interim, the Employment Security Department does intend to ensure that current documentation and analysis of workloads is performed. Reconciliation between time charges and workload counts will occur and be documented to support employee time charges. Adjustments for variances will be made to agency financial records when necessary. In addition, the agency distributed an agency-wide memorandum reinforcing accurate time reporting practices.</p> <p>Completion Date: Estimated, June 30, 2001</p> <p>Contact Person: Victoria DeBoer, Internal Audit Manager Employment Security Department PO Box 46000 Olympia, WA 98504-6000</p>	<u>CFDA #</u>	<u>Amount</u>	17.207	\$195,689	17.225	\$511,904	93.558	\$ 64,518	
<u>CFDA #</u>	<u>Amount</u>										
17.207	\$195,689										
17.225	\$511,904										
93.558	\$ 64,518										

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Employment Security Department (ESD)

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
00	7	Finding:	ESD's controls over accounts receivable and the safeguarding of related cash receipts need improvement.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>17.225</td><td>\$0</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	17.225	\$0
<u>CFDA #</u>	<u>Amount</u>						
17.225	\$0						
		Status:	Corrective action in progress.				
		Corrective Action:	<p>The Employment Security Department will create and/or modify its General Unemployment Insurance Development Effort (GUIDE) and Tax Information System (TAXIS) systems to ensure the subsidiary accounts receivable ledgers roll up and agree with control account totals that will then be posted to AFRS.</p> <p>The department also plans to study the feasibility of performing reconciliations between TAXIS accounts receivable activity and cash journals, bank deposits and other agency records with its current system.</p>				
		Completion Date:	June 30, 2001				
		Contact Person:	Victoria DeBoer, Internal Audit Manager Employment Security Department PO Box 46000 Olympia, WA 98504-6000				

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Eastern Washington University

Fiscal Year	Finding Number	Finding and Corrective Action Plan					
00	8	Finding:	The University did not comply with Early Head Start (EHS) program regulations for allowable and allocable costs.				
		Questioned Costs:	<table><tr><td><u>CFDA #</u></td><td><u>Amount</u></td></tr><tr><td>93.600</td><td>\$16,017</td></tr></table>	<u>CFDA #</u>	<u>Amount</u>	93.600	\$16,017
<u>CFDA #</u>	<u>Amount</u>						
93.600	\$16,017						
		Status:	Complete, pending resolution of questioned costs.				
		Corrective Action:	<p>The actions that led to the finding occurred during a period of administrative reassignment when administrative leadership for the program was temporary. Since fiscal years 1998 and 1999, the following actions have taken place:</p> <p>?? A permanent EHS Director has been appointed.</p> <p>?? A permanent Business and Organizational Development Manager has been hired and is providing administrative support to the Director.</p> <p>?? Staff has received formal training on the EHS administrative requirements.</p> <p>?? A formal process for securing facilities is in place with the state office of General Administration.</p> <p>?? Oversight of the carryover budget has been assigned as a major responsibility of the Director.</p> <p>?? A parent policy council and EHS governing board were formed and provide additional oversight to the project.</p> <p>Subsequent discussion with staff of the federal funding agency indicates there will be no adverse effect on the University's future funding for the Early Head Start program, primarily due to the following:</p> <p>?? The Northport facility is in use as an Early Head Start center-based site and the renovations were necessary to meet Early Head Start and state licensing requirements.</p> <p>?? The increased costs and use of carryover funds associated with the renovations would have been approved by Region X had protocol been followed.</p> <p>?? Procedures have been developed to assure contracting is in compliance with state and federal guidelines.</p> <p>?? New personnel have been hired to provide better oversight of contracting processes.</p>				
		Completion Date:	February 26, 2001				
		Contact Person:	Toni Habegger, Chief Financial Officer Eastern Washington University Cheney, WA 99004-2431				

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Community Colleges of Spokane

Fiscal Year	Finding Number	Finding and Corrective Action Plan
00	9	<p>Finding: Community Colleges of Spokane charged indirect costs to the Head Start program without a negotiated indirect cost agreement.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 93.600 \$0</p> <p>Status: Corrective action is in progress.</p> <p>Corrective Action: The administrative costs actually charged as direct costs in FY 2000 and in the prior grant year were submitted in the award proposals, with the costs approved as "other direct costs" in the award budgets. The rate used to charge administrative costs in the past was reasonable, and created no negative impact on the federal awards.</p> <p>Specific corrective action taken: The District recently submitted an indirect cost rate proposal to the Department of Health and Human Services, Division of Cost Allocation. The District is confident the final negotiated rate will be greater than the rate historically used by the District to charge administrative costs to the Head Start and Early Head Start federal awards.</p> <p>The District received word from the Department of Health and Human Services in February 2001 that review of the indirect cost rate proposal would commence as soon as possible.</p> <p>Completion Date: Estimated, December 31, 2001</p> <p>Contact Person: Tay Conrad, Vice Chancellor for Business and Finance Community Colleges of Spokane 501 North Riverpoint Blvd, PO Box 6000 Spokane, WA 99217-6000</p>

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Peninsula College

Fiscal Year	Finding Number	Finding and Corrective Action Plan
00	10	<p>Finding: Peninsula College charged unallowable costs to a federal program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 84.031 \$78,131</p> <p>Status: Complete, pending resolution of questioned costs.</p> <p>Corrective Action: As a result of organizational changes prompted by the College President's illness, the Activity I Director and Project Coordinator, funded by the Title III federal grant were named Vice Presidents. This change in the Summer of 1999 had no operational effect upon the Title III project. In fact, the change went unnoticed until the College realized, in October of 2000, that it was in noncompliance with CFR 607.109 (c) (8) prohibiting federal payment of any salary for positions carrying the title vice president. College officials immediately withdrew federal funds from the two positions and notified the project's Department of Education Program Officer, Ms Delores Anistead. All of this activity occurred prior to the audit.</p> <p>The College maintains that the noncompliance with program regulations did no harm to the project. Key personnel continued to discharge their responsibilities in the same way and with the same commitment as they had prior to the organizational change. To be required to repay the questioned \$78,131 to the federal government will have a significant impact on the College and contravenes the purposes of the Title III program, weakening the College in ways that the Title III grant was designed to strengthen.</p> <p>Completion Date: October 2000</p> <p>Contact Person: Paula Doherty Peninsula College 1502 E Lauridsen Blvd. Port Angeles, WA 98362-6698</p>

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Department of Ecology

Fiscal Year	Finding Number	Finding and Corrective Action Plan
00	11	<p>Finding: The Department of Ecology did not comply with federal cash management requirements for the Air Pollution Control program.</p> <p>Questioned Costs: <u>CFDA #</u> <u>Amount</u> 66.001 \$0</p> <p>Status: Corrective action is in progress.</p> <p>Corrective Action: Ecology will take the necessary steps to ensure the federal payments to the majority of these subrecipients are made only when the subrecipient needs the funds, for their own disbursements. A few of the subrecipients can probably demonstrate the need for advance payments. CFR Title 40, Part 31.21 (c) allows advance payments under certain conditions. Ecology will work with EPA to include a special condition in the grant award that allows advance payments to those subrecipients that meet the criteria.</p> <p>Ecology has consulted with EPA about whether any interest is due to the federal government. EPA says that none is due.</p> <p>CFR Title 31, Part 205, adopted by the federal Department of Treasury, establishes rules and procedures for fund transfers. The rule consists of two parts - Subpart A and Subpart B:</p> <p>?? Subpart A covers those programs subject to inclusion in a Treasury-State Agreement on fund transfers and establishes bases for the calculation of interest liability on either party. CFDA Program 66.001 did not meet the dollar threshold for inclusion in the Treasury-State of Washington Agreement. As such, the program was not subject to Subpart A provisions.</p> <p>?? Subpart B covers those federal programs that are not subject to rules and procedures listed in Subpart A. Subpart B, section 205.20 (b) states, "Neither a State nor the Federal Government will incur an interest liability on the transfer of funds for a program subject to this Subpart".</p> <p>Completion Date: Estimated, July 1, 2001</p> <p>Contact Person: Gary M. Zeiler Department of Ecology PO Box 47600 Lacey, WA 98504-7600</p>

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Programs Within the Departments of Military, Ecology, and Social and Health Services

Fiscal Year	Finding Number	Finding and Corrective Action Plan															
00	12	<p>Finding: The State of Washington is not complying with subrecipient monitoring requirements for some of the federal programs it administers.</p> <p>Questioned Costs:</p> <table><thead><tr><th>CFDA #</th><th>Amount</th></tr></thead><tbody><tr><td>66.001</td><td>\$0</td></tr><tr><td>66.458</td><td>\$0</td></tr><tr><td>83.548</td><td>\$0</td></tr><tr><td>93.563</td><td>\$0</td></tr><tr><td>93.778</td><td>\$0</td></tr><tr><td>93.959</td><td>Refer to Finding 00-1</td></tr></tbody></table> <p>Status: Corrective action is in progress.</p> <p>Corrective Action: At the statewide level Washington has focused additional time, training and policy on federal subrecipient monitoring responsibilities since the publication of the revised Circular A-133 in 1997. A specific section in the Statewide Administrative and Accounting Manual outlines a pass-through agency's subrecipient monitoring responsibilities. A block of statewide training on the subject is being offered by the Office of Financial Management (OFM) to state agency personnel.</p> <p>Specific corrective actions being taken by the agencies identified in the finding include:</p> <p><u>Military Department</u> <i>Hazard Mitigation Program (83.548)</i></p> <p>The Military Department is faced with unique circumstances. Grants from the federal funding agency and sub-contracts with program administrators often are signed under crisis conditions with contract language not a high priority. The Military Department has also endured high turnover in its administrative personnel. Despite this fact, the agency has a strong commitment to improve its subrecipient monitoring capabilities. Agency staff recently completed subrecipient monitoring training offered by OFM. The agency is now obtaining and reviewing single audit reports. It is also reviewing and following up on program and fiscal reports.</p>	CFDA #	Amount	66.001	\$0	66.458	\$0	83.548	\$0	93.563	\$0	93.778	\$0	93.959	Refer to Finding 00-1	
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State of Washington Corrective Action Plan

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2000*

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

Programs Within the Departments of Military, Ecology, and Social and Health Services

Fiscal Year	Finding Number	Finding and Corrective Action Plan
		<p><u>Department of Ecology</u> <i>Air Pollution Control Program (66.001)</i> <i>Capitalization Grant for State Revolving Funds (66.458)</i></p> <p>Ecology will review its agreements to ensure subrecipients are properly identified. The agency will include the Catalog of Federal Domestic Assistance (CFDA) number, the name of the awarding federal agency and the federal requirements for the program (including those related to audits), in its agreements. The Department of Ecology will not have additional resources in its 2001-2003 budget to expand monitoring activities as suggested in the audit.</p> <p><u>Department of Social and Health Services</u> <i>Child Support Enforcement Program (93.563)</i> <i>Medicaid (93.778)</i> <i>Substance Abuses Prevention & Treatment Block Grant (93.959)</i></p> <p>DSHS does not concur with the finding.</p> <p>DASA (Program 93.959) has a comprehensive policy and procedure for contract management and has substantial monitoring taking place to ensure compliance with contract requirements. Monitoring is done on a contract-type basis rather than by funding source. During their review, the auditors did not consider documentation supporting monitoring activities where there was no specific reference to the Substance Abuse Prevention and Treatment Block Grant.</p> <p>All of the contracts identified in the finding are with governmental entities. These contracts/agreements are authorized and regulated as inter-local agreements by State of Washington law (RCW 39.34). As such, the DSHS does not believe the contracts are subrecipient in nature.</p> <p>Completion Date: Estimated, September 30, 2001</p> <p>Contact Person: Norman Johnson, State Financial Consultant Accounting Division, Office of Financial Management PO Box 43123 Olympia, WA 90504-3123</p>

State of Washington Corrective Action Plan

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2000*

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

Programs Within the Departments of Community, Trade and Economic Development; Ecology; Military; Social and Health Services; and Transportation

Fiscal Year	Finding Number	Finding and Corrective Action Plan																			
00	13	<p>Finding:</p> <p>The State of Washington is not complying with suspension and debarment requirements for some of the federal programs it administers.</p> <p>Questioned Costs:</p> <table><thead><tr><th>CFDA #</th><th>Amount</th></tr></thead><tbody><tr><td>20.505</td><td>\$0</td></tr><tr><td>66.001</td><td>\$0</td></tr><tr><td>66.458</td><td>\$0</td></tr><tr><td>66.468</td><td>\$0</td></tr><tr><td>83.544</td><td>\$0</td></tr><tr><td>83.548</td><td>\$0</td></tr><tr><td>93.563</td><td>\$0</td></tr><tr><td>93.778</td><td>\$0</td></tr></tbody></table> <p>Status:</p> <p>Corrective action is in progress.</p> <p>Corrective Action:</p> <p>At the statewide level, the Office of Financial Management has expanded agency personnel training coverage on suspension and debarment federal regulations and procedures. The subject, previously covered in one training class, has been extended to three different classes offered to agency personnel. The Federal Grant Administration class not only covers the policy and requirements, but also provides handout material including instructions for certification and suggested certification language. Individual corrective actions taken by agencies cited in the finding include:</p> <p><u>Community, Trade and Economic Development (CTED)</u> <i>Drinking Water Capitalization Grants (66.468)</i></p> <p>Corrective active is being taken by the Office of Community Development (OCD), a proposed successor agency to CTED:</p> <p>?? Within the Drinking Water Capitalization Grants program, loan agreement language has been changed to reflect the suspension and debarment requirements.</p> <p>?? The OCD Contracts Manager has been assigned the responsibility to ensure proper certification has been received prior to the execution of any loan agreement. In addition, the Contracts Manager will be providing extensive federal compliance training to personnel of this particular program.</p> <p>?? Finally, OCD has undertaken an assessment of all of its federal assistance programs to determine the level of compliance with suspension and debarment requirements and determine what further action is necessary. The assessment is scheduled for completion by June 30, 2001.</p>	CFDA #	Amount	20.505	\$0	66.001	\$0	66.458	\$0	66.468	\$0	83.544	\$0	83.548	\$0	93.563	\$0	93.778	\$0	
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State of Washington Corrective Action Plan

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Programs Within the Departments of Community, Trade and Economic Development; Ecology; Military; Social and Health Services; and Transportation

Fiscal Year	Finding Number	Finding and Corrective Action Plan
		<p><u>Department of Ecology</u> <i>Air Pollution Control Program Support (66.001)</i> <i>Capitalization Grants for State Revolving Fund (66.458)</i></p> <p>Ecology will ensure that all employees dealing with federal programs are properly trained on this requirement. We will require our contract officers to include the appropriate federal agency's suspension and debarment certification requirement in our agreements. All training and contract language adjustments are scheduled for completion by July 1, 2001.</p> <p><u>Military Department</u> <i>Public Assistance Grants (83.544)</i> <i>Hazard Mitigation Grants (83.548)</i></p> <p>The Public Assistance and Hazard Mitigation program contracts have been revised to include appropriate language regarding suspension and debarment. The language has been structured to emphasize the significance of the certification.</p> <p><u>Department of Social and Health Services (DSHS)</u> <i>Child Support Enforcement (93.563)</i> <i>Medicaid (93.778)</i></p> <p>?? DSHS' Central Contracts Services unit (CCS) has developed, and distributed for use, a certification form to be signed by contractors. Due to the confusing federally developed certification language, CCS has also created an optional "frequently asked questions" instruction/explanation page for programs to provide contractors.</p> <p>?? CCS has provided formal training on suspension and debarment, including certifications, to unit staff and the department's Key Contract Coordinators (including DASA) on October 18, 2000.</p> <p>?? Finally, the CCS staff has included information regarding suspension and debarment requirements in the October 2000 CCS Newsletter.</p> <p><u>Department of Transportation (WSDOT)</u> <i>Federal Transit Metropolitan Planning Grants (20.505)</i></p> <p>The WSDOT Transportation Planning Office will ensure that Metropolitan Planning agreements negotiated from July 2001 forward will contain requirements for obtaining certifications from subrecipients that they have not been suspended or debarred from receiving federal funds.</p>

**State of Washington
Corrective Action Plan**

*OMB Circular A-133 Audit
For the Fiscal Year Ended
June 30, 2000*

(This plan only addresses findings reportable under the revised OMB Circular A-133.)

**Programs Within the Departments of Community, Trade and Economic
Development; Ecology; Military; Social and Health Services; and Transportation**

Fiscal Year	Finding Number	Finding and Corrective Action Plan
		Completion Date: Estimated, July 1, 2001 Contact Person: Norman Johnson, State Financial Consultant Accounting Division, Office of Financial Management PO Box 43123 Olympia, WA 90504-3123